



# SFIF December 2024 Abridged Report

To the Unit Holders for the year  
ended 31 December 2024







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# Trustee and Advisors to the Fund

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## FUND MANAGER AND PRINCIPAL PARTNER

Britam Asset Managers (Kenya) Limited  
Britam Centre, 5th Floor  
Junction of Mara and Ragati Roads  
Upper Hill  
P.O. Box 30375-00100  
Nairobi, Kenya

## TRUSTEE

Standard Chartered Bank Kenya Limited  
Standard Chartered Chiromo, Level 5  
48 Westlands Road  
P O Box 40984, 00100  
Nairobi, Kenya

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## CUSTODIAN

Standard Chartered Bank Kenya Limited  
Standard Chartered @ Chiromo, Level 5  
48 Westlands Road  
P O Box 40984-00100  
Nairobi, Kenya

## AUDITOR

Ernst & Young LLP  
Certified Public Accountants  
Kenya Re Towers, Upper Hill off Ragati Road  
P.O. Box 44286 - 00100  
Nairobi, Kenya

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## LAWYER

Coulson Harney Advocates  
5th Floor, West Wing, ICEA Lion Centre  
Riverside Park, Chiromo Road, Nairobi  
PO Box 10643-00100, Nairobi  
Kenya

# Trustee's Statement

We, Standard Chartered Bank, Kenya Limited, in our capacity as trustee of the Fund, are required in terms of Section 132 of the Capital Markets (Collective Investment Schemes) regulation 2023, to satisfy ourselves that the Fund Manager has managed the scheme in the period ended 31 December 2024 in accordance with the limitations imposed on the investment and borrowing powers of the Fund Manager and trustee or custodian by the incorporation documents and the regulations.

Based on our records, and the Accounts, we hereby report that nothing has come to our attention that would lead us to believe anything other than:

- a) The fact that the Accounts fairly represent the assets and liabilities of every portfolio of the Scheme;
- b) The fact that the Accounts fairly represent the income and distribution of income of every portfolio of the Scheme; and
- c) The fact that the Fund Manager has administered the Scheme in accordance the provisions of the incorporation documents and the regulations.

Further to the above, and as disclosed in Note 11, the Trustee is aware that the Partnership has assets that are insufficient to cover the value of the liabilities to the investors. A plan was implemented to resolve this including cumulative capital injection amounting to Shs 7.085 billion including Shs 822 million in the year (2023: Shs.40 million).

Finally, in matter relating to compliance, the Fund was licenced as a collective investment scheme (CIS) by the Capital Markets Authority under the conditions that they have thirty-six (36) months commencing March 2023 to fully resolve the asset-liability mismatch in the Fund.

By order of the trustee  
**Standard Chartered Bank Kenya Limited**



# Fund Manager's Report

The Fund Manager has the pleasure of submitting the Annual Report together with the audited financial statements of Britam Wealth Management Limited Liability Partnership (Licenced as the Britam Special Fixed Income Fund) (the "Fund") for the year ended 31 December 2024.

## INVESTMENT OBJECTIVES

The investment objective of the Britam Special Fixed Income Fund is to generate a high level of return. To achieve this, the portfolio is invested in fixed income securities, property funds and unquoted shares of various durations at attractive yields to ensure the return on the Fund is maximised.

## CHANGES TO INCORPORATION DOCUMENTS

The Fund was licenced as a collective investment scheme (CIS) under the CIS regulations, 2023 in July 2023 and became a regulated fund. The partnership deed was amended to align with the CIS regulations 2023 and information memorandum was accordingly adopted.

## FUND PERFORMANCE

The highest and lowest absolute yields for the last 5 years were as per the table below:

Year	2024	2023	2022	2021	2020
Highest yield %	13.52	9.98	9.69	9.00	11.15
Lowest yield %	13.21	6.12	8.98	9.00	9.00

## INCOME DISTRIBUTION

The profit realised by the Fund for the last 5 years has been distributed to the investors as per the table below.

Year	2024	2023	2022	2021	2020
Amount (Shs '000)	455,332	205,708	620,903	1,815,032	2,219,819

# Fund Manager's Report (Continued)

## TOTAL VALUE OF THE FUND

The total book value of the Fund for the last 3 years is as per the below table.

Year	2024	2023	2022
Amount (Shs '000)	5,411,044	9,054,113	21,787,403

## Total Expense Ratio (TER)

The total expense ratio of the Fund provides a measure of the total costs incurred to manage and operate the Fund. The TER for the year is as per below table.

Year	Amount
Total expenses for the year	22,711
Management fees for the year	-
Percentage management fee	-
Total expense ratio	0.42%

## AUDITOR

Ernst & Young LLP was appointed in accordance with the Fund's partnership Deed and Section 60(1) of the Capital Markets (Licensing Requirements) Regulations, 2023.

The principal partner monitors the effectiveness, objectivity and independence of the audit. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the investors.

By order of the fund manager,  
**Britam Asset Managers (Kenya) Limited**



# Fund Manager's Report

## Dear Investors,

The fundamental investment objective of the Britam Special Fixed Income Fund is to generate a high level of interest income while providing a predictable maturity profile. The Fund does this by investing primarily in fixed income securities of various terms issued by the Kenyan Government and other corporate securities

Britam Asset Managers (Kenya) Limited adopts an investment philosophy that ensures high risk adjusted returns for investors while optimizing overall portfolio risk. We employ a two-pronged strategy to achieve this objective. Firstly, the average term and duration of the portfolio are adjusted based on prevailing interest rate trends, within the acceptable tenors. Thus, as interest rates rise, the average term and duration of the portfolio are shortened, and as interest rates reach a peak or fall, the portfolio's duration and average term are extended.

Secondly, we strive for diversification through investing in corporate bonds and commercial papers which offer attractive spreads above treasury instruments while cushioning the portfolio against interest rate risk. The strategy involves purchasing these securities when the spreads are at their widest points and reducing holdings when corporate bond rates are at their narrowest point relative to rates on treasury instruments. This is all done in an environment of rigorous risk management by investing in fundamentally sound corporates to protect against default risk.

Global GDP grew by **3.2%** for 2024 and **3.3%** projected for 2025; GDP growth is seen averaging **3.1%** in 2026-2028. Global economic activity has shown resilience amid high inflation and a prolonged period of high interest rates. Kenya's economy grew by **4.7%** in 2024. This was a slower growth than what was recorded in 2023 at **5.3%**. The slowdown was amid a challenging economic environment characterized by disposable income squeeze and normalization of the agriculture and tourism sectors. Looking forward, we expect the accommodative monetary stance adopted by the CBK to support economic activity as the anticipated depreciation of the Shs and the forecasted drier conditions in the country offset some of anticipated gains. Headline inflation came in at **3.0%** in December 2024 compared to a reading of **2.8%**

in November 2024, and **6.6%** in December 2023. Ample harvests in the country continued to pull food prices lower as the tight monetary policy saw activity drag to place the core inflation index at **3.2%** in December 2024.

The Central Bank's Monetary Policy Committee cut the benchmark rate at by **1.50%** in 2024 to **11.25%** noting improved inflation levels and a stabilized exchange rate. Similarly, yields on treasury bills declined in the last quarter of the year signalling moderation in interest rate movements. The Government. The 3-month T-bill closed the year at **9.8%** compared to **15.9%** at the end of 2023, while the yield curve fell by **2.5%** on average, which positively affected fixed income returns.

The Kenya Shilling gained **17.4%**, **22.7%** and **34.4%** against the US Dollar, Euro and Pound Sterling, respectively, to close the year at 129.29/USD, Shs 134.29/EUR and Shs 162.67/GBP. The stable Kenya Shilling performance was largely due to improved investor sentiments on the currency and the country following the successful repayment of the 2024 Eurobond, elevated official forex reserve position and deceleration in economic activity. The equities market recorded gains in stock prices as macro-economic concerns around Kenya eased. The recovery in equities was triggered by the partial repayment of the 2024 Eurobond which saw a significant improvement in the Kenyan macro-economic outlook, improvement in US Dollar liquidity, robust earnings performance and the increase in Kenya's allocation in frontier indices. Fed rate cuts in the last quarter of the year also supported the equities market performance. The NSE All Share Index was up by **34.1%** in the year.

The fund generated a return of **13.42%**, **13.47%** and **13.72%** for the 3-, 6- and 12-month tenors respectively.

We thank you for choosing to invest in Britam Special Fixed Income Fund. The team at Britam Asset Managers (Kenya) Limited looks forward to working closely with you in meeting and exceeding your financial and investment objectives.

We extend our best wishes for 2025

# Report of the Custodian

In accordance with the Capital Markets (Collective Investment Schemes) Regulations, 2023 (the Regulations) Section 70 (d), information memorandum and the Custody Agreement between Standard Chartered Bank of Kenya Limited as the Custodians and Britam Asset Managers (Kenya) Limited as the Fund Manager, we confirm that for the year ended 31 December 2024:

- We have discharged the duties prescribed for a Custodian under Regulation 68 of the Regulations, to the Britam Special Fixed Income Fund; and
- We have held the assets for the Britam Special Fixed Income Fund, including securities and income that accrue thereof, to the order of the Fund Manager and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund Manager.

By order of the custodian

**Standard Chartered Bank Kenya Limited**





## Statement of profit or loss and other comprehensive income

	Year ended 31 December	
	2024	2023
	Shs'000	Shs'000
<b>Income</b>		
Interest income	391,392	1,472,870
Partnership income	-	149,807
Realized gain on sale of investments	110,827	-
Realized loss on sale of investments	-	(398,508)
Unrealized loss on forex changes on investments	(7)	-
Unrealized fair value loss on investments	-	(845,432)
Unrealized fair value gain on investments	335,982	-
Unrealized gain on forex changes on investments	-	6,866
<b>Total income</b>	<b>838,194</b>	<b>385,603</b>
<b>Expenses</b>		
Service fees	(22,711)	(62,631)
Expected credit (loss) /write back on financial assets	(354,974)	24,394
Other losses	(5,177)	(141,658)
<b>Profit before income tax</b>	<b>(382,862)</b>	<b>(179,895)</b>
Income tax expense	-	-
<b>Profit for the year</b>	<b>455,332</b>	<b>205,708</b>
Other comprehensive income	-	-
<b>Total comprehensive profit for the year</b>	<b>455,332</b>	<b>205,708</b>

The above Statement of Comprehensive Income is an extract from the Financial Statements which have been audited by Ernst & Young LLP and have received an unqualified opinion.

## Statement of profit or loss and other comprehensive income

	Year ended 31 December	
	2024	2023
	Shs'000	Shs'000
<b>Assets</b>		
Investment in unquoted shares	1,134,896	1,084,401
Investment in property funds	843,917	1,710,189
Corporate securities at amortised cost	691,969	1,657,276
Corporate securities at fair value through profit or loss	118,188	118,387
Government securities at fair value through profit or loss	2,514,277	2,459,346
Government securities at amortised cost	-	1,889,916
Deposits with financial institutions	115,254	186,116
Cash and bank balances	16,943	19,902
<b>Total assets</b>	<b>5,435,444</b>	<b>9,125,533</b>
<b>Liabilities</b>		
Payables and accrued expenses	24,400	71,420
<b>Net assets attributable to investors</b>	<b>5,411,044</b>	<b>9,054,113</b>
<b>Fund Balance</b>		
<b>Unit holder balances</b>	<b>5,411,044</b>	<b>9,054,113</b>

The above Statement of Financial Position is an extract from the Financial Statements which have been audited by Ernst & Young LLP and have received an unqualified opinion.

By order of the trustee

**Standard Chartered Bank Kenya Limited**

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